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EXTRAORDINARY

PART II—Section 2

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LOK SABHA

The following Bill was introduced in Lok Sabha on the 16th May, 1956:—

BILL No. 39 OF 1956

A Bill further to amend the Indian Income-tax Act, 1952.

BE it enacted by Parliament in the Seventh Year of the Republic of India as follows:—

1. This Act may be called the Indian Income-tax (Amendment) Short title.
Act. 1956.

5 2. In sub-section (7A) of section 5 of the Indian Income-tax Act, 1922, the following *Explanation* shall be, and shall be deemed always to have been, inserted at the end, namely:—

Amendment
of section 5,
Act 11 of
1922.

10 “*Explanation.*—In this sub-section, ‘case’ in relation to any person whose name is specified in the order of transfer means all proceedings under this Act in respect of any year which may be pending on the date of the transfer, and includes all proceedings under this Act which may be commenced after the date of the transfer in respect of any year.”.

STATEMENT OF OBJECTS AND REASONS

The powers conferred by sub-section (7A) of section 5 of the Indian Income-tax Act, 1922, have always been construed by the Income-tax authorities as enabling them to transfer the case of any person from one Income-tax Officer to another, and once this is done, all assessments in relation to the person whose case is so transferred, irrespective of the years to which they relate, are to be made by the Income-tax Officer who is in charge of assessing that person. The Supreme Court has, however, held in *Messrs. Bidi Supply Co., vs. The Union of India* (Petition No. 271 of 1955) that this sub-section only authorises the transfer of a pending proceeding for a particular assessment year.

It has now become necessary to clarify the meaning of the word "case" as understood by the Income-tax authorities, and incidentally the amendment is given retrospective operation so as to regularise past actions.

NEW DELHI;

MANILAL C. SHAH.

The 11th May, 1956

M. N. KAUL.
Secretary.